



House of Representatives

General Assembly

File No. 435

January Session, 2019

Substitute House Bill No. 7339

House of Representatives, April 4, 2019

The Committee on Human Services reported through REP. ABERCROMBIE of the 83rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A PUBLIC INSURANCE OPTION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) (a) Within available appropriations,
2 the executive director of the Office of Health Strategy shall convene a
3 working group to make recommendations concerning the
4 establishment of a public health insurance coverage option not later
5 than January 1, 2022, that would be (1) funded by enrollee premiums,
6 and (2) open to individuals ineligible for Medicaid who earn less than
7 four hundred per cent of the federal poverty level. The working group
8 shall study how best to expand consumer choice and improve the
9 viability and affordability of the private insurance marketplace.

10 (b) In addition to the executive director of the Office of Health
11 Strategy, the working group shall include, but need not be limited to:

12 (1) Three consumer advocates, one each appointed by the speaker,
13 the majority leader and the minority leader of the House of

14 Representatives;

15 (2) Three providers, including at least one private insurance
16 provider and one Medicaid-enrolled health care provider, one each
17 appointed by the president pro tempore, the majority leader and the
18 minority leader of the Senate;

19 (3) The Commissioner of Social Services, or the commissioner's
20 designee;

21 (4) The State Comptroller, or the State Comptroller's designee;

22 (5) The Healthcare Advocate appointed pursuant to section 38a-1042
23 of the general statutes, or the Healthcare Advocate's designee; and

24 (6) Other stakeholders as deemed appropriate and appointed by the
25 executive director of the Office of Health Strategy, including, but not
26 limited to, (A) representatives of small businesses and employee
27 groups, (B) behavioral health providers, (C) representatives of groups
28 who have faced historical barriers to accessing health care, and (D)
29 representatives of state agencies.

30 (c) The executive director of the Office of Health Strategy shall serve
31 as chairperson of the working group, which shall provide
32 opportunities for stakeholder input prior to submitting its
33 recommendations. The working group shall:

34 (1) Evaluate how best to establish a public coverage option for
35 persons not otherwise eligible for Medicaid pursuant to the HUSKY
36 Health program, as defined in section 17b-290 of the general statutes;

37 (2) (A) Evaluate whether the coverage option should be jointly
38 administered with the Medicaid program or another existing program,
39 and (B) if the coverage option is jointly administered with the
40 Medicaid program, recommend how to ensure that the existing
41 Medicaid program will not move to a managed care model and that
42 existing enrollees will not experience reduction to their eligibility and
43 benefits as a result of the new program's implementation;

44 (3) Identify (A) the appropriate state agency or other public or
45 private entity to administer such program, and (B) consumer
46 protections that should be included in any applicable contract;

47 (4) Formulate a plan design that includes the ten essential benefits
48 required pursuant to 42 USC 18022 and that is funded by premiums
49 assessed on enrollees, and, if approved by the federal government,
50 federal premium tax credits and cost-sharing subsidies;

51 (5) Consider how to attract and maintain provider participation and
52 set adequate provider payment rates;

53 (6) Consider how to mitigate potential adverse selection or risk
54 segmentation;

55 (7) Evaluate whether and how to include components of the person-
56 centered medical home, value-based insurance design or similar
57 models;

58 (8) Evaluate whether the state should apply for a state innovation
59 waiver under 42 USC 18052 to allow eligible persons who enroll in the
60 plan to use tax credits and cost-sharing subsidies toward their
61 premiums; and

62 (9) Advise on how to leverage, preserve or maximize federal dollars
63 available to Connecticut consumers, companies or other entities.

64 (d) The Office of Health Strategy shall provide administrative
65 support to the working group and may seek grants to support the
66 study.

67 (e) The executive director of the Office of Health Strategy may issue
68 interim reports and findings relating to the study as the executive
69 director deems appropriate to the Health Care Cabinet established
70 pursuant to section 19a-725 of the general statutes and legislative
71 committees of cognizance.

72 (f) Not later than February 15, 2021, the executive director of the

73 Office of Health Strategy shall submit a report, in accordance with the
74 provisions of section 11-4a of the general statutes, on the results of the
75 study required pursuant to this section to the joint standing
76 committees of the General Assembly having cognizance of matters
77 relating to appropriations and the budgets of state agencies, human
78 services and insurance. The report shall include an actuarial and
79 economic analysis of the public health insurance coverage option.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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Statement of Legislative Commissioners:

In section 1(b), the phrase "In addition to the executive director of the Office of Health Strategy, the" was added for clarity.

HS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Office of Health Strategy	GF - Cost	273,711	36,256
State Comptroller - Fringe Benefits ¹	GF - Cost	29,867	14,934

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the Office of Health Strategy (OHS) to provide administrative support to a working group that must report its recommendations by 2/15/21 on the establishment of a public health insurance option in Connecticut, is anticipated to result in a State cost of approximately \$303,578 in FY 20 and \$51,189 in FY 21. The bill does not require the implementation of recommendations included in the report.

The cost to OHS of \$273,711 in FY 20 reflects hiring a durational Health Care Analyst (HCA) with an average annual salary of \$72,511, a one-time equipment expense of approximately \$1,200 for a computer and software, and contracted data modeling, actuarial, and economic analysis services estimated at approximately \$200,000. The associated fringe benefit cost to the Office of the State Comptroller for the HCA is approximately \$29,867 in FY 20. In FY 21, that cost drops to \$14,934, as the HCA will only be needed for half the fiscal year.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.19% of payroll in FY 20 and FY 21.

The working group is required to make recommendations for a public health insurance option in its report that will be: (1) established no later than 1/1/22 and (2) funded by enrollee premiums. In addition to an actuarial and economic analysis, and other requirements, the report must:

1. Evaluate how best to establish a public coverage option for persons not otherwise eligible for Medicaid pursuant to the HUSKY Health program;
2. Identify the appropriate state agency or other public or private entity to administer such program, and consumer protections that should be included in any applicable contract;
3. Consider how to attract and maintain provider participation and set adequate provider payment rates;
4. Evaluate whether and how to include components of the person-centered medical home, value-based insurance design or similar models;
5. Advise on how to leverage, preserve or maximize federal dollars available to Connecticut consumers, companies or other entities.

The Out Years

As the working group is required to make its report by 2/15/21, no fiscal impact to the State or municipalities is anticipated in the out years.

OLR Bill Analysis

sHB 7339

AN ACT CONCERNING A PUBLIC INSURANCE OPTION.

SUMMARY

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 11 Nay 7 (03/21/2019)